

Message Text

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ACTION SS-25

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FM USMISSION USUN NEW YORK

TO SECSTATE WASHDC 6956

AMEMBASSY ISLAMABAD

AMEMBASSY KABUL

C O N F I D E N T I A L USUN 4605

EXDIS

ISLAMABAD AND KABUL FOR SECRETARY'S PARTY

DEPT ALSO FOR INGERSOLL (D), ROGERS (EA), AND SCHWEBEL (L)

FROM SENATOR PERCY

E.O. 11652: GDS

TAGS: EGEN, UNCTAD

SUBJECT: CHARTER OF ECONOMIC RIGHTS AND DUTIES

IMMEDIATELY UPON READING CABLES OF OCTOBER 23 FROM MEXICO REGARDING PRESS BANNERS DECLARING U.S. "CHANGES ITS POSITION ON CHARTER FROM ONE OF OPPOSITION TO ONE OF SUPPORT," I TELEPHONED AMBASSADOR GALLERDO OF UN DEL. GOM, ASSIGNED BY PRESIDENT ECHEVERIA AND FOREIGN MINISTER RABASSA TO POLITICAL ASPECTS OF CHARTER, TO ADVISE HIM THAT SUCH REPORTS WERE COMPLETELY INCONSISTENT WITH THE TELEPHONE CONVERSATION SECRETARY KISSINGER AND I HAD ON OCTOBER 18, MY SUBSEQUENT CONVERSATION WITH ASSISTANT SECRETARY ROGERS AND MY OWN LENGTHY CONVERSATIONS WITH FOREIGN MINISTER RABASA AND AMBASSADOR CASTANEDA. FURTHERMORE, UNLESS CORRECTED SUCH MISLEADING STORIES WOULD DO DAMAGE TO U.S. CREDIBILITY WITH GROUP B COUNTRIES. I REPEATED USG FEELING THAT CHARTER CONCEPT HAS MERIT AND REAFFIRMED OUR INTENTIONS TO EXERT BEST EFFORT TO DEVELOP A TRULY MEANINGFUL AND BALANCE CHARTER THAT CAN BE ACCEPTABLE TO BOTH GROUP B AND 77.

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I REITERATED HOWEVER THAT IF RADICAL ELEMENTS OF GROUP 77

AND THEIR PROVISIONS ON FOREIGN INVESTMENT AND OTHER AREAS PREVAIL, CHARTER WILL BE MEANINGLESS, WILL NOT BE SUPPORTED BY GROUP B, AND U.S. WOULD BE FORCED TO VOTE AGAINST THE ENTIRE CHARTER. GALLERDO SAID HE PRESUMED PRESS WAS PARTLY TO BLAME. I REPLIED THAT GOM SHOULD CLARIFY.

DURING DINNER WITH PRESIDENT FORD IN CHICAGO, OCTOBER 25, I EMPHASIZED ALARM ALREADY EXPRESSED BY TOP U.S. INDUSTRIALISTS OVER AMERICAN PRESS REPORTS ON U.S. CHANGED POSITION, THE CAMPAIGN THAT WOULD BE MOUNTED BY U.S. CHAMBER, NAM, AND OTHER GROUPS AND THE STRONG ADVERSE REACTION THAT THERE WOULD BE IN CONGRESS. I PROMISED TO DO ALL I COULD TO FULFILL HIS AND YOUR BEST EFFORTS TO NEGOTIATE ACCEPTABLE CHARTER BUT IF RADICAL ELEMENTS OF 77 PREVAIL THE CHARTER COULD DO IRREPARABLE DAMAGE TO DESPERATE NEED OF DEVELOPING COUNTRIES TO ATTRACT NEW CAPITAL FROM ALL AVAILABLE SOURCES. THE 77 SEEM SO INTENT UPON MAKING SURE THEY CAN CONFISCATE, EXPROPRIATE AND NATIONALIZE ALL PRESENT INVESTMENTS AND PAY LITTLE OR NOTHING FOR THEM THAT THEY LOSE SIGHT OF THE FACT THAT THEIR OWN FUTURE NATIONAL DEVELOPMENT PROGRAMS WILL DEPEND UPON ATTRACTING NEW CAPITAL, TECHNOLOGY AND KNOW HOW THAT WILL BE FRIGHTENED AWAY BY A CHARTER IN THE FORM ENVISIONED BY A FEW RADICAL GOVERNMENTS. I ALSO ADVISED PRESIDENT OF MY TALKS WITH ROBERT MCNAMARA AND POSSIBLE USE OF WORLD BANK TECHNICAL ADVICE AND EVEN MEDIATION, TO WHICH HE REACTED FAVORABLY. ALSO SHOWED HIM THE TEXT OF STATEMENT BY AMBASSADOR SCALI: QUOTE: "THERE HAS BEEN NO SECRET UNDERSTANDING WITH THE GOVERNMENT OF MEXICO ON THE PROPOSED CHARTER. WE CONTINUE TO HAVE SERIOUS RESERVATIONS ON IMPORTANT PARTS, BUT WE WILL SEEK, TOGETHER WITH OTHER COUNTRIES, TO TRY TO RESOLVE THESE DIFFERENCES IN A SPIRIT OF FRIENDSHIP. BUT IF WE CANNOT RESOLVE THESE DIFFERENCES, THE PROSPECTS ARE NOT VERY STRONG THAT WE CAN SUPPORT IT." UNQUOTE

THE PRESIDENT SAID THAT HE FULLY SUPPORTED THIS STATEMENT AS REFLECTION OF USG POSITION.

FOR YOUR INFORMATION, I HAVE DISCUSSED SUBJECT WITH CHARLES ROBINSON BY TELEPHONE AND WE ARE MEETING IN SAN FRANCISCO, CONFIDENTIAL

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WEDNESDAY, 6 NOVEMBER, TO DISCUSS STRATEGY. ALSO HAD DISCUSSION WITH SECRETARY-GENERAL WALDHEIM TODAY AND WE'VE SET UP A PRIVATE MEETING FOR 13 NOVEMBER TO SEE WHAT HELP HE AND THE SECRETARIAT CAN PROVIDE.

ALSO TALKED WITH AMBASSADOR CASTANEDA TODAY. 77 WILL HAVE PROPOSALS READY FOR DISCUSSION WITH GROUP B BY WEEK OF NOVEMBER 12. I REPEATED MY OWN STRONG FEELING THAT USG

COULD NOT SUPPORT OR ABSTAIN FROM VOTE ON CHARTER BUT MUST
CAST NEGATIVE VOTE UNLESS BALANCE WRITTEN IN. I REITERATED
ALSO HOWEVER, THAT WE WOULD BE HAPPY TO WORK DIRECTLY WITH
PM'S OR FM'S OF SELECTED INFLUENTIAL COUNTRIES IN GROUP
77 TO URGE THEIR SUPPORT OF MORE MODERATE POSITION. HE SAID
THIS WOULD BE HELPFUL AND MENTIONED INDIA AS ONE OF THE MOST
IMPORTANT AND INFLUENTIAL WITHIN THE GROUP. I WILL
REVIEW WITH AMBASSADOR TIKI KAUL ON HIS RETURN TO U.S.

REGARDS. CHUCK PERCY
SCALI

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